

Memorandum

To: Joint Legislative Commission on Governmental Operations
North Carolina General Assembly

From: UNC Health Care System

Re: Quarterly Report on Wake County Behavioral Health and Transparency

Date: October 1, 2013

Pursuant to an agreement between UNC Health Care System and WakeMed, in collaboration with the North Carolina General Assembly, UNC Health Care System respectfully submits this quarterly report to advise the Joint Legislative Commission on Governmental Operations of its actions to address mental health services in Wake County and to enhance the transparency of the System.

Background

On May 22, 2012, UNC Health Care System (UNC HCS), Rex Healthcare, and WakeMed entered into an Agreement, facilitated by key members of the North Carolina General Assembly. As part of its obligations, UNC HCS committed to submit quarterly reports under Article I and Article II of the Agreement:

Article I: Under Article I addressing behavioral health in Wake County, UNC HCS committed to continue its efforts to partner with Wake County, the Durham-Wake MCO, the Department of Health and Human Services, and community organizations to plan for appropriate services for the residents of Wake County. Specifically, “UNC HCS shall invest such sums as necessary, but in no event more than Thirty Million Dollars (\$30,000,000.00) to develop and operate a minimum of twenty-eight (28) inpatient psychiatric beds within Wake County.” In addition, UNC HCS committed an additional \$10 million to be invested over the next five years “to develop and operate an Assertive Community Treatment Team (‘ACTT’) service and other behavioral health services.”

Article II: Under Article II of the Agreement, UNC HCS agreed that its affiliated organizations described as Section 501(c)(3) entities by the Internal Revenue Service (IRS) would file Form 990 on an annual basis, as generally required of other Section 501(c)(3) organizations. That commitment specifically applies to Rex Healthcare, Rex Hospital, and Chatham Hospital, each of which is currently described as a Section 501(c)(3) entity. That obligation will also apply to Triangle Physicians Network (now known as UNC Physicians Network) if and when that organization receives its determination letter from the IRS. This obligation does not extend to state entities, such as UNC Hospitals, that are subject to public audit.

Status Reports

Article I: UNC HCS agreed to provide, enhance and expand all services offered in the past at the County's WakeBrook facility (located in southeast Raleigh near other Wake County social services). Pursuant to agreements with Wake County and Alliance Behavioral Health (Wake County's LME), UNC HCS began with the operation of the WakeBrook Crisis and Assessment services on February 1, 2013, and is now responsible for the entire facility.

WakeBrook is now fully operational, providing the following behavioral health and medical services available at or near the WakeBrook campus:

- Crisis and assessment services (operated by UNC HCS as of February 1)
- 16 residential recovery beds for substance abuse rehabilitation (operated by UNC HCS as of May 8)
- 16 residential facility based crisis beds (operated by UNC HCS as of July 1)
- 16 inpatient psychiatric beds (opened on September 10, with 9 beds currently operational)
- Onsite medical care provided by emergency medicine physicians (a new service, effective May 8) and family medicine physicians (beginning July 1)
- Assertive Community Treatment Team (ACTT) providing comprehensive outpatient treatment and support (a new service, beginning in March)
- Outpatient clinic serving approximately 500 of the County's patients with serious and persistent mental illness (began transitioning patients in May)
- Proposal to construct 12 additional inpatient psychiatric beds at WakeBrook (Certificate of Need application conditionally approved on September 25, 2013)

Expenses for the planning and operation of services at the WakeBrook campus through August, 2013 were \$5,354,593 (net of all payments received), out of the \$40,000,000 committed by UNC HCS.

Since June, 2012, UNC HCS has been meeting regularly with Wake County representatives and other community stakeholders, including WakeMed and other area hospitals, to plan for the behavioral health services in Wake County. These meetings are continuing on a monthly basis to report on developing plans and engage the broader community in the discussion of behavioral health needs.

Article II: Form 990s have been filed by Rex Healthcare, Rex Hospital and Chatham Hospital and are publicly available. The application for Section 501(c)(3) designation for UNC Physicians Network (formerly Triangle Physicians Network) is still pending with the IRS. If and when that designation is granted, UNC HCS is committed to filing a Form 990 for that organization in compliance with applicable IRS regulations.

Future Reports

The next quarterly report will be submitted on January 1, 2014.